

**STATEMENT OF GORDON J. LINTON**  
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**DEPARTMENT OF TRANSPORTATION**  
**BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION**  
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
**UNITED STATES HOUSE OF REPRESENTATIVES**

**THURSDAY, APRIL 25, 1996**

Mr. Chairman and distinguished Members of the Subcommittee, I am pleased to have the opportunity to appear before you today to talk about our funding proposals for fiscal 1997 as we move into the final year of ISTEA authority for the transit program.

You have asked me to talk about our fiscal year 1997 requests for transit projects that are not specifically earmarked in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), as well as any other budget requests that may require additional legislation.

**NEW STARTS**

Before ISTEA, there was only one project specifically earmarked in our authorizing legislation, Los Angeles. All other projects funded by FTA (then known as the Urban Mass Transportation Administration or UMTA) were not authorized in the law on a project-by-project basis. Then, as now, transit projects were selected by the Secretary based on certain established criteria in the law.

ISTEA represented a dramatic departure from prior transit legislation. While the total amount authorized for the New Starts program was \$5 billion over the life of ISTEA, Congress designated in the law project-specific earmarks totaling over \$6 billion. This is more than \$1 billion more in projects than authorized in ISTEA. Notwithstanding the fact that these

earmarks are in the law, each of the projects must meet statutory criteria for project approval by FTA. Moreover, since fiscal year 1992, the Department of Transportation appropriations acts have provided funding for 14 projects that did not have project-specific earmarks in ISTEA. In this situation, FTA has looked to the project-specific earmarks in ISTEA for guidance only.

### **PROJECT SELECTION**

Major transportation investments, whether for highway or for transit, begin with local decisionmaking through the Metropolitan Planning Organization (MPO) planning process. FTA and the Federal Highway Administration (FHWA) have had joint planning rules dating back to the mid-1970s. These rules were revised after ISTEA, and the revised planning rules have been in place since October 1993. Where Federal funds are likely to be part of a major transportation investment, the local planning process must include a Major Investment Study (MIS) designed to evaluate alternative investments or strategies in meeting local, state, and national goals and objectives. The MIS concludes with the selection, by the MPO as part of the planning process, of one or more preferred projects and a funding strategy. The MIS now serves as the required "alternatives analysis."

ISTEA provides specific guidance on the criteria FTA is to use when discretionary funding is sought for New Start projects. These criteria include completion of the MIS, a comprehensive review of the project's mobility improvements, environmental impacts, cost effectiveness, operating efficiencies, and the degree of local financial commitment. Land use policies and such factors as congestion relief, air pollution, noise pollution, energy consumption, and the promotion of economic development are additional criteria used to evaluate proposed projects.

FTA submits an annual report to Congress, now the section 5309(m) New Starts Funding Levels and Allocations Report (previously the 3(j) report), which evaluates the New Starts projects in the pipeline. This report is submitted in conjunction with the Department's budget request and has the Secretary's recommended funding allocations based on the New Starts budget request. Our 1997 New Starts Funding Report is nearly completed and will be forwarded to the Committee within the next few weeks.

FTA's fiscal year 1997 budget submission includes \$800 million for New Starts. Of this amount, \$794 million will cover the funding needs for eleven projects currently under Full Funding Grant Agreements, along with the San Jose Tasman project under a Letter of Intent, and five projects proposed for Full Funding Grant Agreements. These five projects are: San Francisco Area - BART Airport Extension; New Jersey Urban Core - Hudson Bergen LRT; Sacramento LRT Extension; Denver Southwest Corridor LRT; and St. Louis - St. Clair MetroLink LRT Extension.

Let me tell you that in making the funding decisions for fiscal year 1997, beyond those projects already under a Full Funding Grant Agreement, we looked first at the status of the project and its readiness for final design and/or construction, and the grantee's ability to obligate funds in fiscal year 1997. All of these five projects are expected to complete preliminary engineering and to become ready for final design and/or construction during calendar year 1996.

Of the five projects approaching readiness for Full Funding Grant Agreements, two are not specifically authorized in ISTEA. These are the Denver Southwest Corridor and the St. Louis - St. Clair Extension. In our fiscal year 1997 budget submission, FTA is requesting

\$8 million for the Denver project and \$20 million for the St. Clair Extension. For the remaining three projects, we are requesting the following amounts: San Francisco Area - BART Airport Extension, \$51.07 million; New Jersey Urban Core - Hudson/Bergen LRT, \$10 million; Sacramento LRT Extension, \$8 million. In addition, FTA just entered into a Full Funding Grant Agreement on March 13, 1996, for the San Juan Tren Urbano project, which is not expressly authorized in ISTEA. We are requesting \$10 million for Tren Urbano in fiscal year 1997. So in total we are only asking for \$38 million that has not been authorized -- less than 5 percent of the New Start request for fiscal year 1997.

I would like to discuss each of these projects with you.

#### **Denver Southwest Corridor**

The Denver Southwest Corridor project is an 8.7 mile light rail system from I-25 and Broadway in Denver to Mineral Avenue in Littleton. The proposed project would connect with the Central Corridor light rail in downtown Denver which opened in October 1994. The environmental process and preliminary engineering are completed, and the final design process is underway.

We have been impressed with the Denver Rapid Transit District's strong local commitment to this project. The initial 5.3 mile line was funded entirely with local funds. The final design process is funded primarily using local funds. The total system, including the initial 5.3 mile line, requires less than 50 percent in Federal matching funds.

We believe that this is a highly attractive investment. The Denver Southwest LRT is expected to carry 22,000 passengers per day by the year 2015. The cost per new trip is

estimated at \$3 making this project one of the most cost effective projects currently seeking Federal discretionary capital dollars.

#### **St. Louis - St. Clair MetroLink LRT Extension**

This is a 17.5 mile light rail extension originating in East St. Louis, Illinois, and going to the city of Belleville. The project will connect downtown St. Louis, the St. Clair County Hospital which is one of the county's largest employers, the Belleville Area College, and the proposed youth sports facility in East St. Louis. The new light rail line will directly benefit residents of East St. Louis, and will significantly expand employment, educational, health care, and recreational opportunities for them. Both the preliminary engineering and the environmental process for the St. Clair Extension are well underway and scheduled to be completed by the end of this fiscal year.

There is a strong local commitment to the project. St. Clair County has established a 3/4 cent county sales tax that is dedicated exclusively to transit. This includes a 1/2 cent increase that went into effect in January 1995, dedicated exclusively to this project for local match and operating funds. To date, Congress has appropriated \$16.4 million for the St. Clair Extension project.

#### **San Francisco Area BART Airport Extension**

The Bay Area Rapid Transit (BART) Authority is proposing to build a 7.5 mile extension from the existing Colma station to the San Francisco Airport, the fourth busiest airport in the country. The project will improve transit access to downtown San Francisco from communities throughout the Bay Area, including improved access between East Bay communities and the airport.

The final environmental impact statement should be completed in May or June.

This project is expected to lead to a significant reduction in automobile traffic and pollutant emissions. When completed, the ridership is estimated at 69,000 passengers per day. The BART Airport Extension, which is authorized in ISTEA, demonstrates a strong commitment by the San Francisco Bay Area to its transit program. The total Federal share of the BART extension program is less than 30 percent.

#### **New Jersey Urban Core - Hudson Bergen LRT**

The Hudson Bergen Light Rail Transit project is a major component of the Urban Core program. This initial 10-mile segment is designed to significantly enhance mobility in the Northeast New Jersey area. It is projected to carry 31,275 passengers a day.

The Hudson Bergen project will provide fixed-guideway transit service to existing and proposed new development along the New Jersey waterfront. The line will serve as an internal circulator between Bayonne, Jersey City, and Hoboken. It will also interconnect with New Jersey commuter rail service, PATH trains to Newark and Manhattan, and ferry service to Manhattan.

The final environmental impact statement should be completed some time in June 1996. This project, which is authorized in ISTEA, is expected to greatly enhance the air quality of the area through the reduction of pollutant emissions.

#### **Sacramento LRT Extension**

In this first phase of an 11-mile light rail extension, Sacramento proposes to construct a 6.3 mile extension along a Union Pacific railroad right of way. Preliminary engineering is underway and is being funded entirely with local dollars.

We strongly support this ISTEA project and are enthusiastic about the potential transit-oriented development this project will bring to the Sacramento area. The Sacramento LRT Extension is expected to provide a travel alternative for a metropolitan area projected to grow rapidly over the next 20 years. The project is expected to carry 25,000 passengers per day by the year 2015. This should significantly reduce automobile traffic and pollutant emissions, an important and attractive outcome for Sacramento.

The final environmental impact statement is expected to be completed in May 1996. At a projected cost of \$6 per rider, this is a very cost effective proposal. The project has strong local and state financial support, with Sacramento requesting less than 50 percent in Federal dollars for the project.

#### **San Juan Tren Urbano**

Tren Urbano is a 17.3 kilometer (10.4 miles) double track guideway between Bayamon Centro and the Sagrado Corazon area of Santurce in San Juan. The new line, which will have 14 stations, will be designed, constructed, and operated under a turnkey contract, one of four turnkey demonstration projects selected by FTA pursuant to ISTEA. The environmental work was completed in March 1996, and the Full Funding Grant Agreement was signed on March 13, 1996.

The new line will connect with 7 hospitals, 3 universities, and numerous government centers and surrounding neighborhoods through a web of buses which are publicly funded by the Commonwealth of Puerto Rico and publicos or jitneys which are privately operated and funded. Congress has appropriated \$12.37 million for this project in the last two fiscal years.

We are very enthusiastic about the Tren Urbano project. At a projected cost of \$1 per new rider, this project is very cost effective. When completed, it is estimated that the line will carry 114,000 passengers per day. The Federal transit investment is less than one-third of the total project cost.

### **DISCRETIONARY CAPITAL FUNDS**

Our fiscal year 1997 budget proposal includes a change in the statutorily required 40-40-20 split in the section 5309 (formerly section 3) discretionary capital program. The statute provides that 40 percent of the discretionary capital program be allocated for fixed guideway modernization, 40 percent for fixed guideway new construction or New Starts, and 20 percent for bus and bus-related facilities.

In fiscal year 1997, we are requesting a total of \$1,799 million for section 5309 discretionary capital grants allocated as follows: \$725 million or 40 percent for fixed guideway modernization; \$800 million or 45 percent for New Starts; and \$274 million or 15 percent for bus and bus-related facilities.

This allocation is neither new nor unusual. Since ISTEA was enacted in fiscal year 1992, the 40-40-20 statutory split has been applied by the appropriators only twice, in fiscal years 1992 and 1996. Even then, this split was altered. In fiscal year 1992, the Emergency Supplemental appropriation act provided increased funding for bus projects in Hawaii and Florida, thereby altering the 40-40-20 allocation. And then, in fiscal year 1996, Congress added previously earmarked fiscal year 1993 New Start funds to the current year New Start budget authority, again altering the 40-40-20 split.



We are proposing an alternative funding split for several reasons. First, we believe this is the appropriate use of scarce Federal resources. Importantly, we are trying to bring better planning and management to the New Starts caseload. We believe that \$800 million in fiscal year 1997 provides an adequate level to meet the needs of the current projects under Full Funding Grant Agreement or proposed for one. We also believe that funding for the New Starts category should be a reliable resource on which project managers can plan.

The \$725 million we are requesting for fixed guideway modernization is the same level that Congress appropriated for fiscal year 1995. Combined with formula funding, the \$725 million should allow us to continue to reduce the approximately \$13 billion backlog in this area.

Finally, the section 5307 Formula Grants program is intended to cover routine bus needs, reserving the section 5309 discretionary bus funding for extraordinary bus needs. The \$274 million that we are requesting for discretionary bus funds in fiscal year 1997 will be sufficient for such extraordinary needs, such as the deployment of an Advanced Technology Transit Bus, construction of large facilities, and major bus purchases. Moreover, we have found that the discretionary bus activity has tended to have a relatively large carryover of funds due to premature earmarking. Rather than have those funds remain idle, we believe that they can be put to use more quickly in the New Starts and Fixed Guideway Modernization programs.

#### **OPERATING ASSISTANCE - TRUST FUNDS**

The Administration's goal is to maximize the use of trust fund or user fee resources. FTA's FY 1997 budget proposal applies this general principle. Once we determined the total funding level for the Formula Grants program, we used the entire trust fund authority available under ISTEA toward the Formula Grants program, that is, \$1.92 billion in fiscal year

1997 authority plus \$11 million in carryover authority. We are requesting the appropriation of \$221 million in general funds to reach the \$2.152 billion program level for fiscal year 1997.

Maximizing available trust fund resources is consistent with Congress' design in ISTEA. For example, section 1006 of the National Highway System provision in ISTEA allows trust funds to be used for startup costs, including operations of traffic management and control. Moreover, funds available under the Surface Transportation Program are eligible for "capital and operating costs for traffic monitoring, management, and control facilities and programs." The National Highway Systems Designation Act of 1995 (NHS Act), major legislation developed by this Committee late last year, expanded activities eligible for payment out of the trust fund by broadening the definition of "preventive maintenance" on the Federal-aid highway system to include such work as crack sealing and painting.

Both Republican and Democratic Administrations have submitted budget proposals during ISTEA that have requested operating assistance in excess of general fund appropriations. This occurred for fiscal years 1992, 1994, 1996, and now 1997. And in fiscal year 1993--one year when the Administration did not seek operating assistance that exceeded general funds--Congress nevertheless passed an appropriations law providing for \$802.3 million in operating assistance, and only \$651 million in general funds for our Formula Grants program.

#### **OPERATING ASSISTANCE - HOLD HARMLESS**

We propose in FTA's fiscal year 1997 budget to follow the "hold harmless" provision for operating assistance that was proposed by this Committee in the NHS Act and ultimately enacted into law in the fiscal year 1996 DOT Appropriations Act.

This year, we are requesting that operating assistance for urban areas be held at \$500 million, consistent with last year's budget request. In the fiscal year 1996 appropriations, Congress cut operating assistance to \$400 million--\$100 million below the President's request of \$500 million. We feel that \$500 million is the minimum level possible to maintain adequate service. By increasing operating assistance from \$400 million to \$500 million, those smaller urban areas just above the "hold harmless" level, like Canton, Ohio, will get much needed relief and gain sufficient time to develop alternative means of funding their operations.

To help mitigate the effect of these sharp reductions on smaller transit operators, Congress last year limited the reduction in operating assistance for small urban areas, those with populations between 50,000 and 200,000, to 75 percent of the level they received in the prior year, fiscal year 1995. This Committee supported that formula adjustment.

We propose to continue this "hold harmless" provision for small urbanized areas which will give them no less than the operating assistance they received in fiscal year 1996. This will continue to help the small urbanized areas. Even with the additional \$100 million in operating assistance we are proposing for fiscal year 1997, without this "hold harmless" provision the small urbanized areas would face further cuts in operating assistance. If operating assistance is set at \$500 million, and the regular apportionment formula is applied, the small urbanized areas would receive \$5.6 million less in fiscal year 1997 than they received last year. These areas, which rely to a proportionately greater extent on Federal operating assistance, need assurances that they will not face further reductions just as they are adjusting to the significant cuts made last year.

Mr. Chairman, that concludes my prepared statement. I would be happy to answer any questions you may have.